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PATENT  
ATTORNEY DOCKET No. 27459-803/121

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent of: )  
)  
MOURA et al. )  
)  
Patent No. 5,586,121 )  
)  
Application No. 08/426,920 )  
)  
Patentee: Hybrid Networks, Inc. )  
)  
Filed: April 21, 1995 )  
)  
Issued: December 17, 1996 )  
)  
For: ASYMMETRIC HYBRID )  
ACCESS SYSTEM AND )  
METHOD )



Special Program Law Office,  
Office of Petitions  
Honorable Commissioner of Patents  
and Trademarks  
Washington, D.C. 20231

Sir:

PETITION FOR  
PRECAUTIONARY CHANGE TO LARGE ENTITY STATUS AND  
PAYMENT OF LARGE ENTITY FEES UNDER 37 CFR § 1.137 (b)

The instant Petition is one of two petitions, being submitted concurrently, to effect a  
Precautionary Change to Large Entity Status and Payment of Large Entity Fees. The other  
petition is being submitted under 37 CFR § 1.28(c). One of these petitions may be moot in view

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of the other. Thus, unconditional submission of the large entity issue and filing fees appears in the Petition under § 1.28(c). Submission of the Petition fee under § 1.137 (b) appears in the instant petition.

As a precautionary measure, and without intentional delay, patentee respectfully requests a retroactive change to large entity status and hereby petitions the honorable Commissioner of Patents and Trademarks to accept the large entity filing and issue fees for U.S. Patent No. 5,586,121 ("the '121 patent," Exhibit A), which issued from Application No. 08/426,920 ("the '920 application," See Exhibit C). The Patent and Trademark Office had not held the '920 application to be abandoned, or held the '121 patent to be lapsed, and patentee has not determined that a change in status is actually necessary. Patentee, however, has recently become aware of questions regarding claim construction and contract interpretation that may affect whether the application for this patent was entitled to small entity status when the filing and issue fees were paid.

#### SUMMARY

Patentee, Hybrid Networks, Inc. (Hybrid), has always had less than 500 employees. Represented by the corporate department of a first law firm, Hybrid executed a technology license agreement with a large corporation, having more than 500 employees, on November 30, 1993. (In this petition, this large corporation will be called ACME, though ACME is not the actual name of this corporation.) The agreement gave ACME a Right of First Refusal on sales of

Hybrid assets and stock, and provided for licensing of certain Hybrid technology to ACME. At the time of execution, on November 30, 1993, Hybrid was relying on a second law firm for patent prosecution matters. Represented by the patent department of the first law firm, Hybrid filed U.S. application serial no. 08/426,920 on April 21, 1995 with a small entity filing fee. Represented by the corporate department of the first law firm, Hybrid executed an amended and restated agreement, on December 22, 1995. Represented by a third law firm, Hybrid paid a small entity issue fee on September 10, 1996. On October 28, 1997, it was discovered that the agreement documents might have had a bearing on whether the '920 application was entitled to small entity status when the issue fee was paid.

### FACTS

Corporate Department of First Law Firm (Fenwick & West)  
Counsels Hybrid in Negotiations and Agreement with ACME Corporation, while  
Second Law Firm (Townsend & Townsend) Prosecutes Hybrid Patent Application

In 1993, ACME corporation wished to develop and market PC card products to provide users of personal computers with cable connectivity. To further that goal, ACME agreed to transfer money to Hybrid by way of a Technology License Agreement executed November 30, 1993 (portions attached to Declaration of Mr. Enns, Exhibit E).

ACME also owned various amounts of Hybrid's stock from time to time. At no time did Acme own greater than 17% of Hybrid's stock.

In the agreements, Hybrid licensed certain technologies, while reserving technologies related to the overall system. For example, Hybrid reserved technology related to its "Point of Presence" (PoP) system technology located at a central information distribution facility (e.g., a cable plant's head end) for providing an asymmetric network connection between the distribution facility and the remote users.

Hybrid and ACME envisioned an arrangement in which ACME would manufacture PC card devices for use in individual computers, paying Hybrid a per-unit royalty fee. As a precursor to this arrangement, the agreements set forth a per-unit royalty fee payment schedule.

The corporate department of Fenwick & West represented Hybrid in its dealing with ACME. Fenwick & West also had a patent department, but at this point Hybrid was still relying on Townsend & Townsend for patent prosecution matters and had not yet switched in representative matters before the Patent Office.

The November 30, 1993 agreement, executed by Hybrid President, Howard Strachman, was entitled TECHNOLOGY LICENSE AGREEMENT BETWEEN HYBRID NETWORK, INC. AND ACME CORPORATION, and was memorialized in 18 pages, including the following provision for a future agreement:

3.3 ... As a condition precedent to ACME's obligation to pay under Sections 3.2 and 3.3, Hybrid, with ACME's cooperation, shall engage in commercially reasonable development efforts as mutually agreed and defined by the Parties in a separate development agreement which the parties agree to negotiate in good faith and which shall include installment by Hybrid by of an agreed number of Point of Presence Systems.

The agreement included the following provisions for the purchase of Hybrid assets and stock by ACME:

### 13.0 ACME RIGHT OF FIRST REFUSAL

13.1 If Hybrid decides to (i) sell itself, merge, consolidate, sell all, or substantially all of its assets, or (iii) issue, sell or exchange, for cash or other consideration, shares of its capital stock (each a "Corporate Event"), the result of which will be a change in control of Hybrid. Hybrid shall give ACME a detailed, written description of the terms of the proposed Corporate Event at least forty-five (45) days prior to the completion of the Corporate Event (the "Notice").

13.2 Upon receipt of the Notice, ACME shall have the right, exercisable by giving written notice to Hybrid within thirty (30) calendar days after the date of delivery of the Notice, to enter into an agreement with Hybrid to participate in the Corporate Event on terms consistent with and no less favorable to Hybrid than those contained in the Notice. If the consideration contained in the Notice includes property other than cash, ACME shall have the option to substitute similar property of equal value. The value of any property included in the purchase price shall be the fair market value of such property on the date ACME receives the Notice. In the event of a disagreement between the Parties, the fair market value of property shall be jointly determined by a nationally recognized investment firm selected by each Party to this Agreement. If the firms selected by ACME and Hybrid are unable to agree upon the value of property, the firms shall promptly select a third firm whose determination shall be conclusive. Each party shall bear the cost of its own investment banking firm and shall share equally the cost of any third firm selected hereunder. If ACME exercises its right to purchase under this Section 13.0, the transactions shall (i) be subject to the receipt of all applicable regulatory approvals, (ii) be in compliance with applicable laws and regulations, and (iii) take place on such date and at such time and place as Hybrid and ACME shall mutually agree, provided that in no event will such date be later than forty-five (45) days after the date of the Notice.

13.3 If ACME decides not to participate in the Corporate Event as detailed in the Notice, Hybrid may complete the corporate Event as detailed in the Notice. If the terms and conditions of the Corporate Event materially change after expiration of ACME's rights under Paragraph 13.2 and such terms are more favorable than those first detailed in the Notice, Hybrid must inform ACME in writing of such changes and ACME shall have the right, within ten (10) working days of receiving such notification from Hybrid to agree to complete within thirty (30) days after such notification, the Corporate Event on the changed terms and conditions specified in Hybrid's notification to ACME.

13.4 ACME shall maintain the right of first refusal under this Section 13.0 during the Exclusivity Period. ACME's right of first refusal shall continue after expiration or termination of the Exclusivity Period for the earlier of (i) two (2) years, provided ACME

holds at least ten percent (10%) of Hybrid's outstanding shares of stock at the time of the Corporate Event of (ii) an initial public offering by Hybrid

The agreement also included the following license grant provisions:

1.5 "Hybrid Software" shall mean Hybrid's client software, in source and binary form, to be installed on a user's computing device which permits symmetrical/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network. **A Point of Presence System shall not be included in the term "Hybrid Software."**

1.6 "Hybrid Technology" shall mean Hybrid's designs, processes, methods, software, algorithms, trade secrets, and its patents, copyrights, and other ACME intellectual property rights **used in or necessary for** Hybrid Software and/or the Remote Link Adapter with respect to enabling symmetric/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network.

1.7 **"Point of Presence System" shall mean a central network point for the collection of digital information from various information providers and users and the distribution of digital information to the cable television head-end equipment.**

1.9 "Remote Link Adapter" shall mean a device that uses software and/or hardware to physically connect a personal computer or other computing device to a television cable or other communications network and which is capable of executing Hybrid Software. **A Point of Presence System shall not be included in the term "Remote Link Adapter."**

...

## 2.0 LICENSE GRANT

2.1 Subject to the terms of this Agreement, hybrid grants to ACME a perpetual, worldwide, exclusive (as defined in Section 2.4), royalty bearing license, with the right to sublicense during the Exclusivity Period (as defined in Section 2.4), to use Hybrid Technology . . .

2.2 Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, exclusive (as defined in Section 2.4), royalty free license, with the right to sublicense, during the Exclusivity Period (as defined in Section 2.4) under Hybrid's copyrights, patents, and trade secrets to reproduce copies of Hybrid Software . . .

2.5 Except as expressly provided herein, no other rights or licenses of any kind are granted by the Parties. . . .

(emphasis added)

Fenwick & West Files '920 Application

On April 21, 1995, Mr. Richard E. Fuller, then Hybrid's Vice President of Finance, executed a small entity statement (Exhibit B) for the '920 application, and the Fenwick firm filed the '920 application with a small entity filing fee. The '920 application, entitled ASYMMETRIC HYBRID ACCESS SYSTEM AND METHOD, included 12 independent claims and 25 total claims (Exhibit C), including claim 22:

22. A method of operating a client node, comprising the steps of:  
sending periodic operability indication messages during an active state,  
receiving a poll message, and requesting channel connection.

The first Agreement is Amended and Restated

On December 22, 1995, Hybrid's Vice President, Richard E. Fuller, executed a document entitled AMENDED AND RESTATED TECHNOLOGY LICENSE AGREEMENT BETWEEN HYBRID NETWORKS, INC. AND ACME, which included the following provisions:

THEREFORE, ACME and Hybrid agree as follows:

I. Definitions

1.1. "*Hybrid Documentation*" shall mean written Hybrid specifications, schematics, and associated technical documentation for the Remote Link Adapter and Hybrid Software.

1.2 *"Hybrid Improvement"* shall mean any enhancement, feature, or option for use by or in connection with Hybrid Technology or the ACME Technology developed by Hybrid which is intended to, or which does, improve Hybrid Technology or the ACME Technology.

1.3 *"Hybrid Product"* shall mean a product developed by or for Hybrid which incorporates ACME Technology. ACME Improvement or any other derivative thereof.

1.4 *"Hybrid Software"* shall mean Hybrid's client software, in source and binary forms, to be installed on a user's computing device which permits symmetric/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network. **A Point of Presence System shall not be included in the term "Hybrid Software."**

1.5 *"Hybrid Technology"* shall mean Hybrid's designs, processes, methods, software, algorithms, trade secrets, and its patents, copyrights, and other ACME intellectual property rights **used in or necessary for** Hybrid Software and/or the Remote Link Adapter with respect to enabling symmetric/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network. Hybrid Technology shall include any Hybrid improvements required to be delivered to ACME hereunder.

1.6 *"ACME Documentation"* shall mean written ACME specifications, schematics, and associated technical documentation for the ACME Technology.

1.7 *"ACME Improvement"* shall mean any enhancement, feature, or option for use by or in connection with ACME Technology or the Hybrid Technology developed by ACME which is intended to, or which does, improve ACME Technology or the Hybrid Technology.

1.8 *"ACME Product"* shall mean a product developed by or for ACME which incorporates Hybrid Technology, Hybrid Improvement or any other derivative thereof.

1.9 *"ACME Software"* shall mean the "ACME Client Software Modifications," the "ACME [redacted] Client Software" and the "ACME [redacted] Software," as each is defined in Exhibit A, in source and binary forms.

1.10 *"ACME Technology"* shall mean the portions of the ACME Technology Deliverables that were developed by ACME. The ACME Technology shall not include those portions of the ACME Technology Deliverables that incorporate any of the Hybrid



Technology. The ACME Technology shall include (without limitation) the "ACME [redacted] Software" as defined in Exhibit A.

1.11 *"ACME Technology Deliverables"* shall mean the ACME Software and the "ACME [redacted] Client Hardware" as defined in Exhibit A. The ACME Technology Deliverables shall include the ACME Improvements required to be delivered to Hybrid hereunder. ACME acknowledges that the ACME Technology Deliverables incorporate portions of the Hybrid Technology.

1.12 **"Point of Presence System" shall mean a central network point for the collection of digital information from various information providers and users and the distribution of digital information to the cable television head-end equipment for a specific geographic area.**

1.13 *"Remote Link Adapter"* shall mean a device that uses software and/or hardware to physically connect a personal computer or other computing device to a television cable or other communications network and which is capable of executing Hybrid Software. **A Point of Presence System shall not be included in the term "Remote Link Adapter."**

## 2. LICENSE GRANTS

2.1 Hybrid Technology. Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, nonexclusive, royalty bearing license to use Hybrid Technology to design, develop, modify, create derivatives, manufacture, have manufactured, use, market, distribute, sell, service and support ACME Products. ACME shall not sublease any Hybrid Technology. These licenses include the right to copy, modify, and distribute Hybrid Documentation.

2.2 Hybrid Software. Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, nonexclusive, royalty-free license, under Hybrid's copyrights, patents, and trade secrets, to reproduce copies of Hybrid Software in order to prepare derivative works of such Hybrid Software ("*ACME Derivative Code*") and to copy, publish, and distribute, under ACME's then current standard licensing terms, Hybrid Software and ACME Derivative Code in binary form. ACME shall not sublease Hybrid Software or ACME Derivative Code in source code form. These licenses include the right to copy, modify, and distribute Hybrid Documentation.

2.3 ACME Technology. Subject to the terms of this Agreement, ACME grants to Hybrid a perpetual, worldwide, nonexclusive, royalty-free, paid-up license to use ACME Technology to design, develop, modify create derivatives, manufacture, have

manufactured, use, market, distribute, sell, service and support Hybrid Products. Hybrid shall not sublicense ACME Technology. These licenses include the right to copy, modify, and distribute ACME Documentation.

2.4 ACME Software. Subject to the terms of Agreement, ACME grants to Hybrid a perpetual, worldwide, nonexclusive, royalty-free license, under ACME 's copyrights, patents, and trade secrets, to reproduce copies of ACME Software in order to prepare derivative works of such ACME Software ("*Hybrid Derivative Code*") and to copy, publish, and distribute, under Hybrid's then current standard licensing terms, ACME Software and Hybrid Derivative Code in binary form. Hybrid shall not sublicense ACME Software or Hybrid Derivative Code in source code form. These licenses include the right to copy, modify, and distribute ACME Documentation.

2.6 Distribution in Devices. Notwithstanding the software licenses restrictions specified in this Section 2, each party shall have the right to distribute software or portions thereof which are programmed into a semiconductor device without a license agreement but will rely on such laws as may be appropriate.

2.7 Reserved Rights ... **Except as expressly provided herein, no other rights or licenses of any kind are granted by the parties.**

#### 4. OWNERSHIP

4.1 Hybrid Ownership. Except for the licenses expressly granted in Section 2 above, Hybrid will remain the owner of all right, title and interests in the Hybrid Technology, Hybrid Software, Hybrid Documentation and any and all copyright, trade secret, patent and other intellectual property rights therein. Except for ACME's ownership of the ACME Technology, Hybrid will remain the owner of all right, title and interest in the Hybrid Products, Hybrid Improvements and any and all copyright, trade secret, patent and other intellectual property rights therein.

4.2 ACME Ownership. Except for the licenses expressly granted in Section 2 above, ACME will remain the owner of all right, title and interest in the ACME Technology, ACME Documentation and any and all copyright, trade secret, patent and other intellectual property rights therein. Except for Hybrid's ownership of the Hybrid Technology, ACME will remain the owner of all right, title and interest in the ACME Products, ACME Technology Deliverables, ACME Improvements and any and all copyright, trade secret, patent and other intellectual property rights therein ...

#### 6. DEVELOPMENT, DELIVERY, MAINTENANCE AND SUPPORT

6.1 Hybrid Deliverables. Hybrid has delivered to ACME Hybrid Technology including but not limited to (i) all source code, "make files," and related Hybrid Documentation needed to recreate the executable version of the Hybrid Software, and (ii) the functional, electrical, mechanical and test specifications, logic and wiring diagrams, physical layout diagrams, and bill of materials for the Remote Link Adapter.

6.2 Hybrid Improvements. Hybrid will furnish to ACME, in a form reasonably satisfactory to ACME and at no additional expense to ACME, only such Hybrid Improvements to Hybrid Technology as Hybrid shall have developed that maintain basic functionality, including cable back-channel capability. If Hybrid makes available to any third party the right to sell, lease, license or distribute any Improvement that increases functionality with respect to any ACME Product then marketed by ACME, Hybrid will furnish such improvement to ACME under terms and conditions as favorable as those offered by Hybrid to any such party.

6.3 ACME Deliverables. On or about the Effective Date and as otherwise agreed herein, ACME will deliver to Hybrid the ACME Technology Deliverables in the form of mutually agreed technology release packages including but not limited to (I) all source code, "make files," and related ACME Documentation needed to recreate the executable version of any software delivered, and (ii) the functional, electrical, mechanical and test specifications, logic and wiring diagrams, physical layout diagrams, and bill of materials for hardware delivered.

## 10. MARKETING AND FUTURE BUSINESS OPPORTUNITIES

10.1 Marketing Names. ACME shall have the right to promote and market Hybrid Technology under ACME's trade names, and Hybrid shall have the right to promote and market ACME Technology under Hybrid's trade names.

10.4 [redacted] Development Plan. During the sixty (60) days following the Effective Date, the parties will prepare a development plan relating to the [redacted] technology and will negotiate in good faith the terms and conditions of a Development Agreement under which such development will occur. If the parties do not develop such a development plan or enter into such a Development Agreement, ACME will deliver to Hybrid in accordance with Section 6.3 any ACME Improvements developed by ACME and on July 1, 1996, ACME will make an additional delivery to Hybrid of any ACME Improvements. Further, on July 1, 1996 and as otherwise agreed, if the parties enter into a Development Agreement, ACME will deliver to Hybrid any deliverables developed hereunder. Neither party will have liability whatsoever, and neither party will be

considered to have breached this Agreement, for failure to prepare a development plan or enter into a Development Agreement.

13.1 If Hybrid decides to (I) sell itself, merge, consolidate, sell all, or substantially all of its assets, or (iii) issue, sell or exchange, for cash or other consideration, shares of its capital stock (each a "Corporate Event"), the result of which will be a change in control of Hybrid. Hybrid shall give ACME a detailed, written description of the terms of the proposed Corporate Event at least forty-five (45) days prior to the completion of the Corporate Event (the "Notice").

13.2 Upon receipt of the Notice, ACME shall have the right, exercisable by giving written notice to Hybrid within thirty (30) calendar days after the date of delivery of the Notice, to enter into an agreement with Hybrid to participate in the Corporate Event on terms consistent with and no less favorable to Hybrid than those contained in the Notice. (emphasis added)

#### Claim 22 is Canceled

On January 18, 1996, before the Examiner had issued an office action, claim 22 was canceled by way of preliminary amendment (Exhibit D). The preliminary amendment, filed by the Fenwick firm concurrently with a petition to make special, also canceled other claims.

In an office action dated April 3, 1996, the examiner objected to the specifications and rejected the claims under 35 U.C. §§ 102 and 103, using a combination of references.

#### The Amended and Restated Agreement is Amended by Letter

In a letter dated, February 26, 1996, signed by Hybrid's President, Carl S. Ledbetter, the December 1995 Restated and Amended Agreement was amended as follows:

The first two sentences of Section 10.4 shall be deleted and the following sentences shall be substituted in their place:

The parties will prepare a development plan based upon such product specifications as may be mutually agreed upon by the [redacted] Team consisting of Hybrid, ACME, Beta Corporation and Delta Corporation. The parties to the Agreement agree to negotiate in good faith the terms and conditions of a Development Agreement under which such development will occur. Hybrid has received in accordance with Section 6.3 any ACME Improvements developed by ACME as of the Effective Date. On July 1, 1996 ACME will make additional delivery to Hybrid of any ACME Improvements developed by ACME subsequent to the Effective Date.

(The paragraph above employs the names BETA and DELTA to identify two other large corporations, though BETA and DELTA is not the actual name of these corporations.)

#### Cushman Darby & Cushman Take Over Prosecution of the '920 Application

On July 15, 1996, Mr. Fuller executed a Power of Attorney given the Cushman, Darby and Cushman Intellectual Property Group of Pillsbury Madison & Sutro the authority to prosecute the '920 application, and revoking prior powers. On July 1, 1996, the Cushman Group filed an amendment responding to the office action of April 3, 1996. The amendment included amendments to the specification and claims and traversal of the rejection under 35 U.S.C. §§ 102 and 103. On August 16, 1996, Hybrid's representative participated in an examiner interview and submitted a statement under Article 19. On September 5, 1996, Hybrid's representative participated in another interview with the examiner. The Patent Office issued a notice of allowance mailed September 5, 1996. On September 10, 1996, Hybrid's representative paid an

by an agreement executed December 22, 1995, and again modified by a letter dated February 26, 1996.

We have reviewed the various agreements, and the patent claims, and believe certain questions might arise as to the status of Hybrid as a small entity at various times during the prosecution of its patent applications. Although we draw no legal conclusions, we perceive certain questions relative to (i) whether a large corporation had "control" at the time of payment of the filing fee on April 21, 1995, or the issue fee on September 10, 1996; (ii) whether the November 30, 1993 agreement conveyed (currently or prospectively) any rights to "patents" since none were issued at that time; (iii) whether definitions contained in the agreement precluded that subject matter of the patents as licensed technology; and (iv) whether the December 26, 1995 restated and modified Technology License Agreement impacted the small entity status determination.

Regarding similar questions in another one of Hybrid's patents, rather than risk any subsequent adverse determination of other questions, and without admitting error in payment of the small entity issue fee, Hybrid, as a precautionary measure, filed a set of Petitions on November 28, 1997, advising of a change in status to a large entity and submitting payment of a large entity issue fees.

Regarding the subject of the instant petition, Hybrid's '121 patent, rather than risk any subsequent adverse determination of these questions and without admitting error in payment of

issue fee of \$625.00, which was the small entity issue fee at that time, resulting in the issuance of the '121 patent on December 17, 1996.

During the pendency of the '920 application, Hybrid's representative filed 8 rule 60 divisional applications, referencing the '920 application as the parent.

#### Questions Regarding Small Entity Status Discovered

Over the past few months, Hybrid's current representative (who had no knowledge of any of the prior license agreements) had been consulted relative to licensing its technology to ACME in connection with ACME's prospective sale of a business unit dealing with Hybrid's technology. Upon considering the proper status of Hybrid as a small entity in handling of its application, the current representative on or about October 28, 1997 inquired of Hybrid whether the ACME licensing deal had gone through. Mr. Rick Enns, Hybrid's Vice President of Engineering, informed the present representative that it had not, but, during the discussions, it was learned for the first time by the current representative that the recent negotiations with ACME were based on an earlier agreement, to wit: the November 30, 1993 agreement and amendments thereto. We then requested that Mr. Enns forward to us by facsimile a copy of the November 30, 1993 agreement for review and analysis. On November 17-18, we visited Hybrid in Cupertino, California to explore further the nature of the relationship between Hybrid and ACME and then learned that the November 30, 1993 agreement had been restated and modified

the small entity filing or issue fees, Hybrid, as a precautionary measure, now advises of a change in status to a large entity and submits payment of a large entity filing and issue fees.

### Conclusion

Any error that might have been made, in verifying whether the '920 application was entitled to small entity status, arose from inadvertence, the complexity of the business situation, and/or changes in legal representation.

Whether ACME's Right of First Refusal and stock ownership constituted control, within the meaning of 37 CFR 1.9 (d) and MPEP 509.02, depends on construction of the regulations of the Small Business Administration. Although patentee is unaware of any decision directly on point, patentee believes ACME had no right to control within the meaning of those regulations.

Whether Hybrid had an obligation to license, within the meaning of MPEP 509.02, depends on issues of contract interpretation and claim construction. The 1993 agreement defines Hybrid Technology to mean Hybrid's designs, processes, methods, software, algorithms, trade secrets, and its patents, copyrights, and other intellectual property rights . . . " Under the agreement, ACME's right to "use" Hybrid Technology appears to be limited to that which is "used in or necessary for Hybrid Software and/or the Remote Link Adapter (paragraph 1.6). Paragraph 1.9 defines Remote Link Adapter and states, "a Point of Presence system shall not be included in the term 'Remote Link Adapter.' " Depending on how claim 22 would have to be interpreted, had it not been cancelled, the method of claim 22 may, or may not, "be used in or



necessary for" the "Remote Link Adapter," within the meaning of the 1993 Agreement.

Regardless of the proper interpretation of the claim 22, and the 1993 Agreement, a non lawyer might have been lulled because the specification states, "FIG. 2a is a schematic drawing of a point of presence (POP) system 26(1) according to the present invention." (Exhibit A, col. 6, lines 30-31).

Thus, in view of varied interpretations under contract law, patent law, and the regulations of the Small Business Administration, it would not be readily apparent whether Hybrid had licensed claimed or patented subject matter, or had an obligation to license such matter, or whether ACME had control over Hybrid, within the meaning of MPEP 509.02 and the regulations cited therein.

Patentee respectfully submits that the foregoing statement meets any required showing of unintentional delay required by 37 CFR § 1.137 (b)(if this section of the regulations is applicable). Patentee requests that Deposit Account No. 06-0115, of Farkas & Manelli, PLLC, be charged \$1320.00 as required by 37 CFR 1.137 §§ (b)(2) and 1.17 (m).

Although, as described in the first paragraph of the instant petition, the large entity filing and issue fees are being unconditionally submitted in a concurrently filed petition, if necessary the Commissioner may charge Deposit Account No. 06-0115, of Farkas & Manelli, PLLC, charged \$2,742.00 (This amount, \$2,742.00, is the large entity filing and issue fees effective on the date of this petition, minus the \$793.00 small entity filing fee paid on April 21, 1995, and the \$625.00 small entity issue fee paid June 16, 1994. The large entity filing fee is \$1,638.00

(\$790.00 plus \$738.00 for 9 independent claims in excess of 3 (9 x \$82.00), plus 5 claims in excess of 20 (5 x \$22.00)). The large entity issue fee is \$2,522.00 (\$1,320.00 plus \$410.00 for 5 claims in excess of those paid for the filing fee (5 x \$82.00), plus \$792.00 for 36 claims in excess of those paid with the filing fee (36 x \$22.00)).


Exhibit E is a facsimile copy of the declaration of Frederick Enns, supporting facts relied upon in this petition.

The foregoing is not intended as an admission of any mistake in declaring small entity status, but is merely a precautionary measure.

If there are any fees required for consideration of this document, or for any other reason, please charge such fees to the Farkas & Manelli, PLLC Deposit Account No. 06-0115.

Respectfully submitted,

FARKAS & MANELLI, PLLC

By   
Jerome D. Jackson  
Reg. No. 33,186  
Tel: (202) 778-1130  
Fax: (202) 887-0336

Farkas & Manelli PLLC  
1233 20th Street, N.W.  
Suite 700  
Washington, DC 20036

Dated: 12/19/97



US005586121A

**United States Patent** [19][11] **Patent Number:** **5,586,121****Moura et al.**[45] **Date of Patent:** **Dec. 17, 1996**[54] **ASYMMETRIC HYBRID ACCESS SYSTEM AND METHOD**

5,490,141 2/1996 Lai et al. .... 370/85.13

**FOREIGN PATENT DOCUMENTS**[75] **Inventors:** Eduardo J. Moura, San Jose; Jan M. Gronski, Palo Alto, both of Calif.

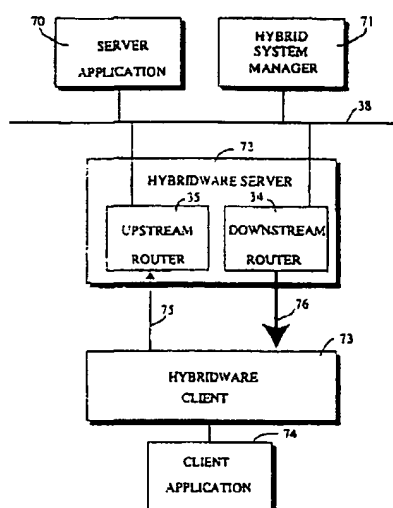
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[73] **Assignee:** Hybrid Networks, Inc., Cupertino, Calif.**Primary Examiner**—Douglas W. Olms**Assistant Examiner**—Shick Hom**Attorney, Agent, or Firm**—Cushman Darby & Cushman; IP Group of Pillsbury Madison & Sutro LLP[21] **Appl. No.:** 426,920[22] **Filed:** Apr. 21, 1995[51] **Int. Cl.<sup>6</sup>** ..... H04J 3/16[52] **U.S. Cl.** ..... 370/404; 379/202; 455/5.1; 348/12; 370/276; 370/312; 370/412; 370/463; 370/478[58] **Field of Search** ..... 370/95.2, 94.1, 370/85.13, 60, 61, 37, 24, 79, 94.2; 379/96, 97, 98, 105, 202; 455/5.1; 348/12, 13[56] **References Cited****U.S. PATENT DOCUMENTS**

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5,142,690	8/1992	McMullan, Jr. et al.	.....	370/95.2
5,181,107	1/1993	Rhoades	.....	358/86
5,200,993	4/1993	Wheeler et al.	.....	379/96
5,247,347	9/1993	Litteral et al.	.....	358/85
5,327,554	7/1994	Palazzi, III et al.	.....	379/96
5,347,304	9/1994	Moura et al.	.....	348/5.1
5,450,123	9/1995	Smith	.....	379/96

[57] **ABSTRACT**

An asymmetric network communication system for use in a client-server environment having independent forward and return channels operating at different speeds and/or under different protocols on the same or different communication media to provide efficient utilization of shared resources. A network manager, such as a hybrid access system, effects transmission of packetized data on a forward (downstream) channel from the host server to multiple client devices coupled with a shared downstream media at 10 or more megabits per second while simultaneously providing selectable multiple lower speeds of operation on shared or dedicated return (upstream) channels from the client devices to the host server depending on bandwidth availability, bandwidth demand, service level authorization, etc. for the return channel. Forward and return channels may be located on the same or different communication medium including a CATV network, direct broadcast satellite network, television or radio RF broadcast network, wireless or mobile cellular facilities or the like. The return channel may reside on a PSTN either directly coupled with the host server or connected with the network manager for subsequent transmission to the host server. The network manager handles or controls the forward and return communication to establish interactive full-duplex real-time network sessions between the host and a selected client device.

**61 Claims, 20 Drawing Sheets**

Ex. B

Attny.Dkt.No.: 1572  
Applicants: Eduardo J. Moura and Jan Maksymiliam Gronski  
Serial No.: Unknown  
Filed: On Even Date Herewith  
Title: ASYMMETRIC HYBRID ACCESS SYSTEM AND METHOD

VERIFIED STATEMENT (DECLARATION) CLAIMING SMALL ENTITY STATUS  
(37 CFR 1.9 (f) and 1.27 (c)) - SMALL BUSINESS CONCERN

I hereby declare that I am:

☐ the owner of the small business concern identified below: ☒ an official of the small business concern empowered to act on behalf of the concern identified below:

NAME OF CONCERN Hybrid Networks, Inc.  
ADDRESS OF CONCERN 10201 Bubb Road, Cupertino, CA 95014

I hereby declare that the above identified small business concern qualifies as a small business concern as defined in 13 CFR 121.2--18, and reproduced in 37 CFR 1.9(d), for purposes of paying reduced fees under section 41 (a) and (b) of Title 35, United States Code, in that the number of employees of the concern, including those of its affiliates, does not exceed 500 persons. For purposes of this statement, (1) the number of employees of the business concern is the average over the previous fiscal year of the concern of the persons employed on a full-time part-time or temporary basis during each of the pay periods of the fiscal year, and (2) concerns are affiliates of each other when either, directly or indirectly, one concern controls or has the power to control the other, or a third party or parties controls or has the power to control both.

I hereby declare that rights under contract or law have been conveyed to and remain with the small business concern identified above with regard to the above referenced invention described in

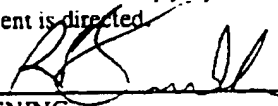
☒ the specification filed herewith ☐ application identified above ☐ patent identified above

If the rights held by the above identified small business concern are not exclusive, each individual, concern or organization having rights to the invention is listed below\* and no rights to the invention are held by any person, other than the inventors, who could not qualify as a small business concern under 37 CFR 1.9(d) or by any concern which would not qualify as a small business concern under 37 CFR 1.9(d) or a nonprofit organization under 37 CFR 1.9(e). \*NOTE: Separate verified statements are required from each named person, concern or organization having rights to the invention averring to their status as small entities. (37 CFR 1.27)

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
☐ INDIVIDUAL ☒ SMALL BUSINESS CONCERN ☐ NONPROFIT ORGANIZATION

I acknowledge the duty to file, in this application or patent, notification of any change in status resulting in loss of entitlement to small entity status prior to paying, or at the time of paying, the earliest of the issue fee or any maintenance fee due after the date on which status as a small entity is no longer appropriate. (37 CFR 1.28(b))

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under section 1001 of the Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application, any patent issuing thereon, or any patent to which this verified statement is directed.

SIGNATURE  DATE 4/21/95  
NAME OF PERSON SIGNING RICHARD E. FULLER  
TITLE OF PERSON OTHER THAN OWNER VP, FINANCE  
ADDRESS OF PERSON SIGNING 10201 BUBB RD., CUPERTINO, CA 95014

What is claimed is:

1. A hybrid access system for connecting at least a single client data processor with a network, comprising:

a local area network (LAN) system;

a hybrid system manager connected to said LAN system;

a downstream router connected to said LAN system for transmitting information;

an upstream router connected to said LAN system for receiving information, said upstream ~~bridge router~~ including a Hybridware™ server.

a broadcast unit connected ~~to~~ said downstream router;

a downstream channel connected to said broadcast unit for high speed transmission of information on said high speed downstream channel;

an independent upstream channel connected to said upstream router, which operates at a lower speed than said downstream channel;

at least a single remote link adapter connected to said upstream and downstream channels; and

a corresponding at least a single client data processor connected to said remote link adapter.

2. The hybrid access system according to claim 1, wherein said independent upstream channel includes a telephone network.

3. The hybrid access system according to claim 1, wherein said independent upstream channel includes a cable TV network.

4. The hybrid access system according to claim 1, wherein said independent upstream channel includes a wireless transmission path.

5. The hybrid access system according to claim 1, wherein said LAN system includes a LAN switch and a router.

6. The hybrid access system according to claim 1, wherein said broadcast unit includes at least one of a group consisting of a cable TV headend, a wireless TV transmitter, a satellite transmitter or a cell site.

7. A method of accessing a wide area network from any of a plurality of client processors each connected to an asymmetric hybrid network including high-speed downstream and lower-speed upstream channels controlled by a hybrid system manager and a router server, including the steps of:

providing a polling signal from a hybrid system manager to client processors.

issuing an upstream channel connection request by lower speed channel, if no upstream data channel is currently assigned to a client data processor.

conducting login communications between the router server and the system manager.

verifying authorized user status at the system manager level.

allocating an upstream channel by high speed downstream channel message, and

sending upstream data over the allocated lower speed upstream channel of the asymmetric hybrid access network.

8. The method according to claim 7, wherein providing a polling signal includes polling clients in an idle state at a selected frequency level of polling.

9. The method according to claim 7, wherein providing a polling signal includes polling clients in a blocked state at a selected frequency level of polling.

10. The method according to claim 7, wherein providing a polling signal includes polling clients in a non-responsive state at a selected frequency level of polling.

11. The method according to claim 7, wherein providing a polling signal includes polling clients in idle and blocked states at selected first and

second frequency levels of polling, and polling of clients in an idle state occurs more frequently than polling of clients in a blocked state.

12. The method according to claim 7. wherein providing a polling signal includes polling clients in idle and non-responsive states at selected first and second frequency levels of polling, and polling of clients in an idle state occurs more frequently than polling of clients in a non-responsive state.

13. The method according to claim 7. wherein idle clients are polled multiple times during a poll cycle and polling of blocked and non\_resp clients is distributed evenly over a poll cycle to assure that the latency for acquiring a channel for idle units is uniform.

14. The method according to claim 7. wherein polling includes grouping clients by state and polling within each group *round robin*.

15. A method of high speed remote access of a wide area network from any of a plurality of client processors each connected to an asymmetric hybrid network including high-speed downstream and lower-speed upstream channels controlled by a hybrid system manager and a router server, including the steps of:

issuing an upstream channel authorization request by lower speed channel. for upstream data channel currently used by a particular client data processor.



conducting login communications between the router server and the system manager.

verifying authorized user status at the system manager level.

authorizing specific upstream channel use by high speed downstream channel message, and

sending upstream data over the allocated lower speed upstream channel of the asymmetric hybrid access network.

16. A method of high speed remote access of a wide area network from any of a plurality of client processors each connected to an asymmetric hybrid network including high-speed downstream and lower-speed upstream channels controlled by a hybrid system manager and a router server, including the steps of:

sending a new client message to a plurality of hybrid routers, which provides client names.

broadcasting a poll message to a plurality of clients using client names.

recognizing a client name.

providing a poll response.

receiving a poll response.

reporting a client found to a system manager.

ceasing polling.

providing an address to the client which responded to poll.

receiving the address sent, and

configuring the client with the address provided.

17. A method of transmitting data from an upstream transmit queue in an upstream transmitter node to a selected receiver node, comprising the steps of:

transmitting selected amounts of data from a transmit queue in a first node to a second node.

generating acknowledgments of data received by said second node.

eliminating from the transmit queue of the second node data acknowledgments which are redundant of other acknowledgments in said second transmit queue, and

filling open transmit queue spaces with additional data.

18. A method of determining polling frequency from an upstream communications mode of a hybrid access system with respect to a plurality of downstream nodes having polling status levels corresponding to activity states in which a remote link adapter may be set, comprising the steps of:

determining the priority status of predetermined remote link adapters in a hybrid access system; and

polling the remote link adapter having the highest priority status level.

19. A method of setting remote link adapter power level in a hybrid access system, comprising the steps of:

transmitting successive indications to a hybrid upstream router at selected different power levels.

confirming receipt of a first power level indication. and

setting the level of future transmissions to a power associated with confirmation of receipt.

20. A method of packet suppression in communication between first and second nodes having respective first and second transmit and receive queues. in which information packets having headers are transmitted from said first node to said second node. comprising the steps of:

loading the transmit queue of said first node with a first information packet;

loading a second information packet into the transmit queue of said first node;

checking the headers of said first and second information packets. and

suppressing one of said first and second information packets. if the headers are the same.

21. A method of credit administration between first and second computer nodes. for information amounts having predetermined information credit values. comprising the steps of:

sending a credit to a first computer node, which sets a response frequency;

receiving an information amount corresponding in value up to the amount of the credit received at said first computer node at said response frequency; and

sending a done signal to said second computer node indicative of the credit received less the amount of information received.

22. A method of operating a client node, comprising the steps of:  
sending periodic operability indication messages during an active state,  
receiving a poll message, and requesting channel connection.

23. A method of operating a server node, comprising the steps of:  
receiving periodic operability indication messages during an active state.

sending a polling message, when a threshold interval has expired,  
awaiting a poll response, and  
entering a non-responsive state if response to polling is received.

24. A method of responding to detected quality levels in a communication channel, comprising the steps of:

detecting a quality characteristic with respect to a selected communication channel from a selected group of quality characteristics each which is defined by quantitative levels,

determining whether the quantitative level of the detected quality characteristic deviates with respect to a predefined norm, and

switching to another communication channel, if sufficient deviation is determined.

25. The method according to claim <sup>4</sup>25, wherein said group of quality characteristics includes time from last operability indication, signal to noise ratio, and error frequency.

Ex. D

IN THE  
UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICANTS: Eduardo J. Moura and Jan Maksymilian Gronski  
SERIAL NO: 08/426,920  
FILED: April 21, 1995  
TITLE: ASYMMETRIC HYBRID ACCESS SYSTEM AND  
METHOD  
EXAMINER: To be assigned  
GROUP ART UNIT: 2603  
ATTY.DKT.NO.: 1572

EM248525802US

"Express Mail" mailing label number

Date of Deposit January 18, 1996

I hereby certify that this paper or fee is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 CFR 1.10 on the date indicated above and is addressed to the Assistant Commissioner For Patents, Washington, D.C. 20231.

ASSISTANT COMMISSIONER FOR PATENTS  
WASHINGTON, D.C. 20231

Mike Spilman  
Mike Spilman  
Signature

PRELIMINARY AMENDMENT

Sir:  
Please cancel claims 7-14, 16, 18, and 21-23.

Respectfully submitted,

Eduardo J. Moura  
Jan Maksymilian Gronski

Dated: 1/18/96

By: [Signature]  
Robert P. Sabath  
Registration No. 29,107  
FENWICK & WEST  
Two Palo Alto Square, Suite 600  
Palo Alto, California 94306  
(415) 858-7153

Ex. E

PATENT  
ATTORNEY DOCKET No. 27459-803/121

## IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent of: )  
)  
MOURA et al. )  
)  
Patent No. 5,586,121 )  
)  
Application No. 08/426,920 )  
)  
Patentee: Hybrid Networks, Inc. )  
)  
Filed: April 21, 1995 )  
)  
Issued: December 17, 1996 )  
)  
For: ASYMMETRIC HYBRID )  
ACCESS SYSTEM AND )  
METHOD )

Honorable Commissioner of Patents  
and Trademarks  
Washington, D.C. 20231

Sir:

DECLARATION OF FREDERICK ENNS IN SUPPORT OF PETITION

I, FREDERICK ENNS declare that:

*and chief technical officer*

1. I am currently Vice President of Engineering, Hybrid Networks, Inc.
2. Hybrid Networks, Inc. has always had less than 500 employees.
3. In 1993, a large corporation, having more than 500 employees, wished to develop and market PC card products to provide users of personal computers with cable connectivity. (In this declaration, this large corporation will be called ACME, though ACME is not the actual name of

this corporation.) To further that goal, ACME agreed to transfer money to Hybrid by way of a Technology License Agreement executed November 30, 1993 (portions of which are attached to this Declaration). Two years later, on December 26, 1995, the parties amended and restated the November 30, 1993 Technology License Agreement.

4. ACME owned various amounts of Hybrid's stock from time to time. At no time did Acme own greater than 17% of Hybrid's stock.

5. Hybrid and ACME envisioned an arrangement in which ACME would manufacture PC card devices for use in individual computers, paying Hybrid a per-unit royalty fee. As a precursor to this arrangement, the agreements set forth a per-unit royalty fee payment schedule.

6. The November 30, 1993 agreement, executed by Hybrid President, Howard Strachman, was entitled TECHNOLOGY LICENSE AGREEMENT BETWEEN HYBRID NETWORK, INC. AND ACME CORPORATION, and was memorialized in 18 pages, portions of which are attached to this declaration.

7. The corporate department of Fenwick & West represented Hybrid in its dealing with ACME. Fenwick & West also had a patent department, but in November 1993 Hybrid was relying on Townsend & Townsend for patent prosecution matters.

8. After a period of consideration and consultation, Fenwick & West was formally retained as Hybrid's patent counsel in 1994.

9. On December 22, 1995, Hybrid's Vice President, Richard E. Fuller, executed a document entitled AMENDED AND RESTATED TECHNOLOGY LICENSE AGREEMENT BETWEEN HYBRID NETWORKS, INC. AND ACME, portions of which are attached to this declaration.



10. In a letter dated, February 26, 1996, signed by Hybrid's President, Carl. S. Ledbetter, the December 1995 Restated and Amended Agreement was amended as follows:

The first two sentences of Section 10.4 shall be deleted and the following sentences shall be substituted in their place:

The parties will prepare a development plan based upon such product specifications as may be mutually agreed upon by the [redacted] Team consisting of Hybrid, ACME, Beta Corporation and Delta Corporation. The parties to the Agreement agree to negotiate in good faith the terms and conditions of a Development Agreement under which such development will occur. Hybrid has received in accordance with Section 6.3 any ACME Improvements developed by ACME as of the Effective Date. On July 1, 1996 ACME will make additional delivery to Hybrid of any ACME Improvements developed by ACME subsequent to the Effective Date.

(The paragraph above employs the names BETA and DELTA to identify two other large corporations, though BETA and DELTA is not the actual name of these corporations.)

11. In order to expedite prosecution of its patent matters, Hybrid retained Farkas & Manelli in or about February 1996 to handle some of its matters, and later transferred all of its patent matters to Farkas & Manelli. Over the past few months, Hybrid began to consult with Farkas & Manelli on its business and financial matters including prospective licensing of its technologies, whereupon Hybrid and Farkas & Manelli worked together on contract and licensing issues for Hybrid.

12. Recently, Hybrid consulted its current representative, Farkas & Manelli, relative to licensing its technology to ACME in connection with ACME's prospective sale of a business unit dealing with Hybrid's technology. The current representative on or about October 28, 1997 inquired of Hybrid whether the ACME licensing deal had gone through. At that time, I informed

the present representative that it had not, and, during the discussions, I informed the representative that the recent negotiations with ACME were based on an earlier agreement, to wit: the November 30, 1993 agreement (which had been restated and modified on December 26, 1995). At the request of the representative, I then had a copy of the 1993 agreement forwarded to the representative, by facsimile. On November 17-18, 1997, the representative visited Hybrid in Cupertino, California to explore further the nature of the relationship between Hybrid and ACME. During that visit, Hybrid informed the representative that the November 30, 1993 agreement had been restated and modified on December 26, 1995, and again modified on February 26, 1996. On November 18, 1997, Hybrid obtained a copy of the restated and amended agreement from Farkas & Manelli, and forwarded the same to its current representative.

13. I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under section 1001 of Title 18 of the United States Code, and that any such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

By: 

Frederick Enns

Dec. 12 1997

Date

ATTACHMENT TO DECLARATION OF FREDERICK ENNS  
PORTIONS OF AGREEMENT EXECUTED NOVEMBER 30, 1993

3.3 . . . As a condition precedent to ACME's obligation to pay under Sections 3.2 and 3.3, Hybrid, with ACME's cooperation, shall engage in commercially reasonable development efforts as mutually agreed and defined by the Parties in a separate development agreement which the parties agree to negotiate in good faith and which shall include installment by Hybrid by of an agreed number of Point of Presence Systems.

The agreement included the following provisions for the purchase of Hybrid assets and stock by ACME:

13.0 ACME RIGHT OF FIRST REFUSAL

13.1 If Hybrid decides to (i) sell itself, merge, consolidate, sell all, or substantially all of its assets, or (iii) issue, sell or exchange, for cash or other consideration, shares of its capital stock (each a "Corporate Event"), the result of which will be a change in control of Hybrid. Hybrid shall give ACME a detailed, written description of the terms of the proposed Corporate Event at least forty-five (45) days prior to the completion of the Corporate Event (the "Notice").

13.2 Upon receipt of the Notice, ACME shall have the right, exercisable by giving written notice to Hybrid within thirty (30) calendar days after the date of delivery of the Notice, to enter into an agreement with Hybrid to participate in the Corporate Event on terms consistent with and no less favorable to Hybrid than those contained in the Notice. If the consideration contained in the Notice includes property other than cash, ACME shall have the option to substitute similar property of equal value. The value of any property included in the purchase price shall be the fair market value of such property on the date ACME receives the Notice. In the event of a disagreement between the Parties, the fair market value of property shall be jointly determined by a nationally recognized investment firm selected by each Party to this Agreement. If the firms selected by ACME and Hybrid are unable to agree upon the value of property, the firms shall promptly select a third firm whose determination shall be conclusive. Each Party shall bear the cost of its own investment banking firm and shall share equally the cost of any third firm selected hereunder. If ACME exercises its right to purchase under this Section 13.0, the transactions shall (i) be subject to the receipt of all applicable regulatory approvals, (ii) be in compliance with applicable laws and regulations, and (iii) take place on such date and at such time and place as Hybrid and ACME shall mutually agree, provided that in no event will such date be later than forty-five (45) days after the date of the Notice.

13.3 If ACME decides not to participate in the Corporate Event as detailed in the Notice, Hybrid may complete the corporate Event as detailed in the Notice. If the terms and conditions of the Corporate Event materially change after expiration of ACME's rights under Paragraph 13.2 and such terms are more favorable than those first detailed in the Notice, Hybrid must inform ACME in writing of such changes and ACME shall have the right, within ten (10) working days of receiving such notification from Hybrid to agree to complete within thirty (30) days after such notification, the Corporate Event on the changed terms and conditions specified in Hybrid's notification to ACME.

13.4 ACME shall maintain the right of first refusal under this Section 13.0 during the Exclusivity Period. ACME's right of first refusal shall continue after expiration or termination of the Exclusivity Period for the earlier of (i) two (2) years, provided ACME holds at least ten percent (10%) of Hybrid's outstanding shares of stock at the time of the Corporate Event of (ii) an initial public offering by Hybrid.

The agreement also included the following license grant provisions:

1.5 "Hybrid Software" shall mean Hybrid's client software, in source and binary form, to be installed on a user's computing device which permits symmetrical/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network. A Point of Presence System shall not be included in the term "Hybrid Software."

1.6 "Hybrid Technology" shall mean Hybrid's designs, processes, methods, software, algorithms, trade secrets, and its patents, copyrights, and other ACME intellectual property rights used in or necessary for Hybrid Software and/or the Remote Link Adapter with respect to enabling symmetric/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network.

1.7 "Point of Presence System" shall mean a central network point for the collection of digital information from various information providers and users and the distribution of digital information to the cable television head-end equipment.

1.9 "Remote Link Adapter" shall mean a device that uses software and/or hardware to physically connect a personal computer or other computing device to a television cable or other communications network and which is capable of executing Hybrid Software. A Point of Presence System shall not be included in the term "Remote Link Adapter." . . .

## 2.0 LICENSE GRANT

2.1 Subject to the terms of this Agreement, hybrid grants to ACME a perpetual, worldwide, exclusive (as defined in Section 2.4), royalty bearing license, with the right to sublicense during the Exclusivity Period (as defined in Section 2.4), to use Hybrid Technology . . .

2.2 Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, exclusive (as defined in Section 2.4), royalty free license, with the right to sublicense, during the Exclusivity Period (as defined in Section 2.4) under Hybrid's copyrights, patents, and trade secrets to reproduce copies of Hybrid Software . . .

2.5 Except as expressly provided herein, no other rights or licenses of any kind are granted by the Parties. . . .

ATTACHMENT TO DECLARATION OF FREDERICK ENNS  
PORTIONS OF AGREEMENT EXECUTED DECEMBER 22, 1995

THEREFORE, ACME and Hybrid agree as follows:

I. Definitions

1.1. "*Hybrid Documentation*" shall mean written Hybrid specifications, schematics, and associated technical documentation for the Remote Link Adapter and Hybrid Software.

1.2. "*Hybrid Improvement*" shall mean any enhancement, feature, or option for use by or in connection with Hybrid Technology or the ACME Technology developed by Hybrid which is intended to, or which does, improve Hybrid Technology or the ACME Technology.

1.3. "*Hybrid Product*" shall mean a product developed by or for Hybrid which incorporates ACME Technology. ACME Improvement or any other derivative thereof.

1.4. "*Hybrid Software*" shall mean Hybrid's client software, in source and binary forms, to be installed on a user's computing device which permits symmetric/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network. A Point of Presence System shall not be included in the term "Hybrid Software."

1.5. "*Hybrid Technology*" shall mean Hybrid's designs, processes, methods, software, algorithms, trade secrets, and its patents, copyrights, and other ACME intellectual property rights used in or necessary for Hybrid Software and/or the Remote Link Adapter with respect to enabling symmetric/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network. Hybrid Technology shall include any Hybrid improvements required to be delivered to ACME hereunder.

1.6. "*ACME Documentation*" shall mean written ACME specifications, schematics, and associated technical documentation for the ACME Technology.

1.7. "*ACME Improvement*" shall mean any enhancement, feature, or option for use by or in connection with ACME Technology or the Hybrid Technology developed by ACME which is intended to, or which does, improve ACME Technology or the Hybrid Technology.

1.8. "*ACME Product*" shall mean a product developed by or for ACME which incorporates Hybrid Technology, Hybrid Improvement or any other derivative thereof.

1.9. "*ACME Software*" shall mean the "ACME Client Software Modifications," the "ACME [redacted] Client Software" and the "ACME [redacted] Software," as each is defined in Exhibit A, in source and binary forms.

1.10 *"ACME Technology"* shall mean the portions of the ACME Technology Deliverables that were developed by ACME. The ACME Technology shall not include those portions of the ACME Technology Deliverables that incorporate any of the Hybrid Technology. The ACME Technology shall include (without limitation) the "ACME [redacted] Software" as defined in Exhibit A.

1.11 *"ACME Technology Deliverables"* shall mean the ACME Software and the "ACME [redacted] Client Hardware" as defined in Exhibit A. The ACME Technology Deliverables shall include the ACME Improvements required to be delivered to Hybrid hereunder. ACME acknowledges that the ACME Technology Deliverables incorporate portions of the Hybrid Technology.

1.12 *"Point of Presence System"* shall mean a central network point for the collection of digital information from various information providers and users and the distribution of digital information to the cable television head-end equipment for a specific geographic area.

1.13 *"Remote Link Adapter"* shall mean a device that uses software and/or hardware to physically connect a personal computer or other computing device to a television cable or other communications network and which is capable of executing Hybrid Software. A Point of Presence System shall not be included in the term "Remote Link Adapter."

## 2. LICENSE GRANTS

2.1 Hybrid Technology. Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, nonexclusive, royalty bearing license to use Hybrid Technology to design, develop, modify, create derivatives, manufacture, have manufactured, use, market, distribute, sell, service and support ACME Products. ACME shall not sublease any Hybrid Technology. These licenses include the right to copy, modify, and distribute Hybrid Documentation.

2.2 Hybrid Software. Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, nonexclusive, royalty-free license, under Hybrid's copyrights, patents, and trade secrets, to reproduce copies of Hybrid Software in order to prepare derivative works of such Hybrid Software (*"ACME Derivative Code"*) and to copy, publish, and distribute, under ACME's then current standard licensing terms, Hybrid Software and ACME Derivative Code in binary form. ACME shall not sublease Hybrid Software or ACME Derivative Code in source code form. These licenses include the right to copy, modify, and distribute Hybrid Documentation.

2.3 ACME Technology. Subject to the terms of this Agreement, ACME grants to Hybrid a perpetual, worldwide, nonexclusive, royalty-free, paid-up license to use ACME Technology to design, develop, modify create derivatives, manufacture, have manufactured, use, market, distribute, sell, service and support Hybrid Products. Hybrid shall not sublicense ACME

Technology. These licenses include the right to copy, modify, and distribute ACME Documentation.

2.4 ACME Software. Subject to the terms of Agreement, ACME grants to Hybrid a perpetual, worldwide, nonexclusive, royalty-free license, under ACME 's copyrights, patents, and trade secrets, to reproduce copies of ACME Software in order to prepare derivative works of such ACME Software ("*Hybrid Derivative Code*") and to copy, publish, and distribute, under Hybrid's then current standard licensing terms, ACME Software and Hybrid Derivative Code in binary form. Hybrid shall not sublicense ACME Software or Hybrid Derivative Code in source code form. These licenses include the right to copy, modify, and distribute ACME Documentation.

2.6 Distribution in Devices. Notwithstanding the software licenses restrictions specified in this Section 2, each party shall have the right to distribute software or portions thereof which are programmed into a semiconductor device without a license agreement but will rely on such laws as may be appropriate.

2.7 Reserved Rights ... Except as expressly provided herein, no other rights or licenses of any kind are granted by the parties.

#### 4. OWNERSHIP

4.1 Hybrid Ownership. Except for the licenses expressly granted in Section 2 above, Hybrid will remain the owner of all right, title and interests in the Hybrid Technology, Hybrid Software, Hybrid Documentation and any and all copyright, trade secret, patent and other intellectual property rights therein. Except for ACME's ownership of the ACME Technology, Hybrid will remain the owner of all right, title and interest in the Hybrid Products, Hybrid Improvements and any and all copyright, trade secret, patent and other intellectual property rights therein.

4.2 ACME Ownership. Except for the licenses expressly granted in Section 2 above, ACME will remain the owner of all right, title and interest in the ACME Technology, ACME Documentation and any and all copyright, trade secret, patent and other intellectual property rights therein. Except for Hybrid's ownership of the Hybrid Technology, ACME will remain the owner of all right, title and interest in the ACME Products, ACME Technology Deliverables, ACME Improvements and any and all copyright, trade secret, patent and other intellectual property rights therein ...

#### 6. DEVELOPMENT, DELIVERY, MAINTENANCE AND SUPPORT

6.1 Hybrid Deliverables. Hybrid has delivered to ACME Hybrid Technology including but not limited to (i) all source code, "make files," and related Hybrid Documentation needed to recreate the executable version of the Hybrid Software, and (ii) the functional,



electrical, mechanical and test specifications, logic and wiring diagrams, physical layout diagrams, and bill of materials for the Remote Link Adapter.

6.2 Hybrid Improvements. Hybrid will furnish to ACME, in a form reasonably satisfactory to ACME and at no additional expense to ACME, only such Hybrid Improvements to Hybrid Technology as Hybrid shall have developed that maintain basic functionality, including cable back-channel capability. If Hybrid makes available to any third party the right to sell, lease, license or distribute any Improvement that increases functionality with respect to any ACME Product then marketed by ACME, Hybrid will furnish such improvement to ACME under terms and conditions as favorable as those offered by Hybrid to any such party.

6.3 ACME Deliverables. On or about the Effective Date and as otherwise agreed herein, ACME will deliver to Hybrid the ACME Technology Deliverables in the form of mutually agreed technology release packages including but not limited to (i) all source code, "make files," and related ACME Documentation needed to recreate the executable version of any software delivered, and (ii) the functional, electrical, mechanical and test specifications, logic and wiring diagrams, physical layout diagrams, and bill of materials for hardware delivered.

## 10. MARKETING AND FUTURE BUSINESS OPPORTUNITIES

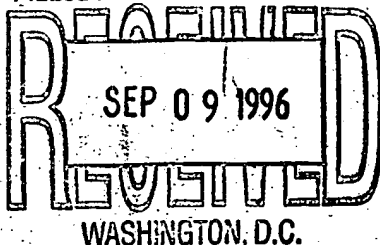
10.1 Marketing Names. ACME shall have the right to promote and market Hybrid Technology under ACME's trade names, and Hybrid shall have the right to promote and market ACME Technology under Hybrid's trade names.

10.4 [redacted] Development Plan. During the sixty (60) days following the Effective Date, the parties will prepare a development plan relating to the [redacted] technology and will negotiate in good faith the terms and conditions of a Development Agreement under which such development will occur. If the parties do not develop such a development plan or enter into such a Development Agreement, ACME will deliver to Hybrid in accordance with Section 6.3 any ACME Improvements developed by ACME and on July 1, 1996, ACME will make an additional delivery to Hybrid of any ACME Improvements. Further, on July 1, 1996 and as otherwise agreed, if the parties enter into a Development Agreement, ACME will deliver to Hybrid any deliverables developed hereunder. Neither party will have liability whatsoever, and neither party will be considered to have breached this Agreement, for failure to prepare a development plan or enter into a Development Agreement.

13.1 If Hybrid decides to (i) sell itself, merge, consolidate, sell all, or substantially all of its assets, or (iii) issue, sell or exchange, for cash or other consideration, shares of its capital stock (each a "Corporate Event"), the result of which will be a change in control of Hybrid. Hybrid shall give ACME a detailed, written description of the terms of the proposed Corporate Event at least forty-five (45) days prior to the completion of the Corporate Event (the "Notice").

13.2 Upon receipt of the Notice, ACME shall have the right, exercisable by giving

written notice to Hybrid within thirty (30) calendar days after the date of delivery of the Notice, to enter into an agreement with Hybrid to participate in the Corporate Event on terms consistent with and no less favorable to Hybrid than those contained in the Notice.


**UNITED STATES DEPARTMENT OF COMMERCE**  
**Patent and Trademark Office**

 Address: Box ISSUE FEE  
 ASSISTANT COMMISSIONER FOR PATENTS  
 Washington, D.C. 20231

**NOTICE OF ALLOWANCE AND ISSUE FEE DUE**

 LAWRENCE HARBIN  
 1100 NEW YORK AVENUE, N.W.  
 SUITE 900 EAST TOWER  
 WASHINGTON, D.C. 20005-3918

APPLICATION NO.	FILING DATE	TOTAL CLAIMS	EXAMINER AND GROUP ART UNIT	DATE MAILED
08/426,920	04/21/95	061	HOM, S 2603	09/05/96
First Named Applicant: <b>MOURA, EDUARDO J.</b>				

 TITLE OF INVENTION: **ASYMMETRIC HYBRID ACCESS SYSTEM AND METHOD**

ATTY'S DOCKET NO.	CLASS-SUBCLASS	BATCH NO.	APPLN. TYPE	SMALL ENTITY	FEE DUE	DATE DUE
2 1572 217537	370-095.200	Z99	UTILITY	YES	\$625.00	12/05/96

**THE APPLICATION IDENTIFIED ABOVE HAS BEEN EXAMINED AND IS ALLOWED FOR ISSUANCE AS A PATENT. PROSECUTION ON THE MERITS IS CLOSED.**

**THE ISSUE FEE MUST BE PAID WITHIN THREE MONTHS FROM THE MAILING DATE OF THIS NOTICE OR THIS APPLICATION SHALL BE REGARDED AS ABANDONED. THIS STATUTORY PERIOD CANNOT BE EXTENDED.**

**HOW TO RESPOND TO THIS NOTICE:**

I. Review the SMALL ENTITY status shown above.  
 If the SMALL ENTITY is shown as YES, verify your current SMALL ENTITY status:

If the SMALL ENTITY is shown as NO:

- A. If the status is changed, pay twice the amount of the FEE DUE shown above and notify the Patent and Trademark Office of the change in status, or
- B. If the status is the same, pay the FEE DUE shown above

A. Pay FEE DUE shown above, or

B. File verified statement of Small Entity Status before, or with, payment of 1/2 the FEE DUE shown above.

II. Part B of this notice should be completed and returned to the Patent and Trademark Office (PTO) with your ISSUE FEE. Even if the ISSUE FEE has already been paid by charge to deposit account, Part B should be completed and returned. If you are charging the ISSUE FEE to your deposit account, section "6b" of Part B should be completed.

III. All communications regarding this application must give application number and batch number. Please direct all communication prior to issuance to Box ISSUE FEE unless advised to the contrary.

**IMPORTANT REMINDER: Patents issuing on applications filed on or after Dec. 12, 1980 may require payment of maintenance fees. It is patentee's responsibility to ensure timely payment of maintenance fees when due.**

Ex. G

## PART 2 - ISSUE FEE TRANSMITTAL

**MAILING INSTRUCTIONS:** This form should be used for transmitting the ISSUE FEE. Blocks 2 through 6 should be completed where appropriate. All further correspondence including the Issue Fee Receipt, the Patent, advance orders and notification of maintenance fees will be mailed to addressee entered in Block 1 unless you direct otherwise, by: (a) specifying a new correspondence address in Block 3 below; or (b) providing the PTO with a separate "FEE ADDRESS" for maintenance fee notifications with the payment of Issue Fee or thereafter. See reverse for Certificate of Mailing, below.

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number.

**Burden Hour Statement:** This form is estimated to take 0.2 hours to complete. Time will vary depending on the needs of the individual case. Any comments on the amount of time required to complete this form should be sent to the Chief Information Officer, Patent and Trademark Office, Washington, D.C. 20231.

DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Box Issue Fee, Assistant Commissioner for Patents, Washington D.C. 20231

## 1. CORRESPONDENCE ADDRESS

LAWRENCE PAPER  
1100 NEW YORK AVENUE, N.W.  
SUITE 900 EAST TOWER  
WASHINGTON, D.C. 20005-3918

## 2. INVENTOR(S) ADDRESS CHANGE (Complete only if there is a change)

INVENTOR'S NAME

Street Address

City, State and ZIP Code

CO-INVENTOR'S NAME

Street Address

City, State and ZIP Code

☐ Check if additional changes are enclosed

APPLICATION NO.

FILING DATE

TOTAL CLAIMS

EXAMINER AND GROUP ART UNIT

DATE MAILED

08/426,920

04/21/95

061

HOM, S

2603

09/05/96

First Named

Applicant

MOURA

EDUARDO J.

TITLE OF

INVENTION

ASYMMETRIC HYBRID ACCESS SYSTEM AND METHOD

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BATCH NO.

APPLN. TYPE

SMALL ENTITY

FEE DUE

DATE DUE

2 1572

370-095.200

Z99

UTILITY

YES

\$625.00

12/05/96

## 3. Correspondence address change (Complete only if there is a change)

Cushman Darby & Cushman IP Group  
Pillsbury Madison & Sutro LLP  
Ninth Floor, East Tower  
1100 New York Avenue, NW  
Washington, DC 20005-3918

4. For printing on the patent front page, list the names of not more than 3 registered patent attorneys or agents OR, alternatively, the name of a firm having as a member a registered attorney or agent. If no name is listed, no name will be printed.

- 1 Cushman Darby & Cushman
- 2 IP Group of Pillsbury
- 3 Madison & Sutro LLP

## 5. ASSIGNMENT DATA TO BE PRINTED ON THE PATENT (print or type)

(1) NAME OF ASSIGNEE:

(2) ADDRESS (CITY, STATE OR COUNTRY)

Hybrid Networks, Inc.  
Cupertino, CAA. ☐ This application is NOT assigned.☐ Assignment previously submitted to the Patent and Trademark Office.☐ Assignment is being submitted under separate cover. Assignments should be directed to Box ASSIGNMENTS.

PLEASE NOTE: Unless an assignee is identified in Block 5, no assignee data will appear on the patent. Inclusion of assignee data is only appropriate when an assignment has been previously submitted to the PTO or is being submitted under separate cover. Completion of this form is NOT a substitute for filing an assignment.

6a. The following fees are enclosed:

☐ Issue Fee ☐ Advance Order - # of Copies

6b. The following fees should be charged to:

DEPOSIT ACCOUNT NUMBER

(ENCLOSE A COPY OF THIS FORM)

☐ Issue Fee ☐ Advance Order - # of Copies

☐ Any Deficiencies in Enclosed Fees

The COMMISSIONER OF PATENTS AND TRADEMARKS is requested to apply the Issue Fee to the application identified above.

(Applicant's Signature)

(Date)

NOTE: The Issue Fee will not be accepted from anyone other than the applicant, a registered attorney or agent, or be assigned to other party in interest as shown by the records of the Patent and Trademark Office.

9/10/96

## Certificate of Mailing

Note: If this certificate of mailing is used, it can only be used to transmit the Issue Fee. This certificate cannot be used for any other accompanying papers. Each additional paper, such as an assignment or formal drawing, must have its own certificate of mailing.

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to:

Box ISSUE FEE  
Assistant Commissioner for Patents  
Washington, D.C. 20231

on: \_\_\_\_\_ (Date)

\_\_\_\_\_  
(Name of person making deposit)\_\_\_\_\_  
(Signature)\_\_\_\_\_  
(Date)

1. TRANSMIT THIS FORM WITH FEE

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